

Pilbara Ports Authority —

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr N. Sarandopoulos, Acting Chief Executive Officer.

Mr M. Kuzminski, Director, Finance.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. I will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

Mr R.S. LOVE: I refer to page 671 of budget paper No 2 under “Financial Statements”, “Income statement” and “Revenue”. It says —

1. Revenue growth is attributable to the Port Hedland Voluntary Buy-back Scheme levy, increased throughput, and approved price increases.

Can the minister detail those approved price increases? How much revenue exactly will be made by the levy and will all this money go back into the buyback scheme?

Ms R. SAFFIOTI: Does the question relate just to the buyback scheme?

Mr R.S. LOVE: Yes, and the price increase that is mentioned there. I assume the price of the lots have gone up to make the deal more attractive.

Ms R. SAFFIOTI: The valuation of the buyback scheme—I will seek confirmation from my advisers that what I am saying is totally correct—was done on an agreed market value in 2019, a premium of 35 per cent over that value plus \$20 000 for transaction costs. There has not been an increase in the price being paid for those areas, but I will say that 245 offers have been issued on more than 57 per cent of eligible properties. A total of 166 properties have been sold or are in the process of being sold—that is, 39 per cent that have been sold or are in the process of being sold. Does that answer the member’s question?

Mr R.S. LOVE: It does actually say in the budget document “approved price increases”, so one assumes that means there has been a price increase. When the minister says 35 per cent, is that the price increase the minister is talking about?

Ms R. SAFFIOTI: Indexation is the other key. It is the agreed market value of 2019 indexed. There could be some slight price increases because of indexation. The valuation methodology was valued in 2019 and it was indexed.

Mr R.S. LOVE: Indexation is just a consumer price index-type situation.

Ms R. SAFFIOTI: The CPI is probably bigger than forecast.

Mr R.S. LOVE: Would that be based on local prices in the Pilbara?

Ms R. SAFFIOTI: What index is used, Mr Sarandopoulos?

Mr N. Sarandopoulos: It is the price for the Pilbara in 2019. It is a specific price for the region.

Mr R.S. LOVE: Is a local index used? Pilbara prices are probably moving differently than prices in Perth.

Mr N. Sarandopoulos: Yes; it is for the local area and it is at a cap of two per cent for every six-month period. Indexation occurs on that.

Ms R. SAFFIOTI: To clarify, in reference to page 671, the revenue growth is attributable to the levy, the increased throughput and approved price increases being the increase in the price that the port charges its users.

[11.50 am]

Mr R.S. LOVE: I refer to page 669 and the asset investment program. The second paragraph refers to Chevron's handover of the Port of Ashburton infrastructure and states that works to support future development are forecast to be \$3.7 million this year and \$16 million in the out years. Can the minister outline a bit about the scope of works that will be undertaken at that port?

Ms R. SAFFIOTI: Mr Nick Sarandopoulos.

Mr N. Sarandopoulos: Thank you, minister. It is for pre-works—establishing ground for future trade.

Mr R.S. LOVE: So is there nothing specific in mind, it is just for future trade?

Mr N. Sarandopoulos: It is to enable future trade. We are speaking with proponents. We do not want to develop something that is not fit for purpose. It is prudent to spend the money understanding exactly what those trades will be and what the requirements will be, so it is prudent financial management.

Mr R.S. LOVE: I refer to page 669 and the asset investment program. The seventh paragraph states that the Hedland maritime initiative was established to administer the voluntary buyback scheme and facilitate planning and development of the marine precinct. It is referring to the acquisition of properties. How many people are working on that initiative at the moment? Does the minister have a figure of how many staff are working there?

Ms R. SAFFIOTI: We do not have the exact number, but it would be fewer than six.

Mr R.S. LOVE: Have there been any reports to management about any issues of workplace harassment or cultural problems?

Ms R. SAFFIOTI: Not that I am aware of, no.

Mr R.S. LOVE: Is it anticipated that the maritime initiative will wind up in 2023–24?

Ms R. SAFFIOTI: I will refer to Mr Sarandopoulos.

Mr N. Sarandopoulos: The acquisition of the properties will be completed at the end of next year, but the HMI entity itself will continue to operate to manage the properties and the development of the area. That is an indefinite entity at this stage.

Mr R.S. LOVE: Those properties will continue to have use, even though they are being bought back. Presumably, people will not be living in them—or will they?

Mr N. Sarandopoulos: There are still residents residing in those properties; they are not being evicted. Those properties are still being maintained. They will be used as short-term accommodation and there will be future developments in the area.

Mr R.S. LOVE: I refer to page 667, budget paper No 2, volume 2, “2021–22 Dividend Retention”. Can the minister outline the forecast dividend payment and where that funding will go? A couple of examples are given, but they do not total a lot.

Ms R. SAFFIOTI: There was a decision that Pilbara Ports Authority could retain its dividend in 2021–22 and that will help it fund future infrastructure. Already, some of the retained dividends have been allocated to Spoilbank marina and to the Dampier cargo wharf extension. At the bottom of the table at page 666, the member will see that the retained dividends basically keep flowing through the cash assets of the port. As we continue to further develop the port, the port will be asked to undertake other projects for which it will be able to use its cash assets. Although it will still impact net debt, it will not impact consolidated fund borrowings because the port can undertake its own projects with its own cash assets.

The CHAIR: That completes the examination of the Pilbara Ports Authority.